SC Stays High Court Order Striking Down Section 147A of Income Tax Act

The Supreme Court stayed a Punjab and Haryana High Court judgment that had declared Section 147A of the Income Tax Act unconstitutional.

Section 147A is a statutory tax provision introduced to validate and streamline reassessment proceedings for undisclosed or escaped income.

KEY EXAM POINTS

- A Supreme Court bench comprising **Justices JB Pardiwala** and **K Vinod Chandran** stayed the Punjab and Haryana High Court ruling.
- The High Court had previously declared **Section 147A** of the **Income Tax Act, 1961** as unconstitutional and quashed reassessment notices.
- The **Union government** approached the apex court challenging the invalidation of the parliamentary enactment.
- The Supreme Court ordered that pending tax **reassessment proceedings** shall not proceed further until the final disposal of the appeal.
- The Parliament had introduced Section 147A through the **Finance Act, 2026** with retrospective effect from **April 1, 2021**.
- The Supreme Court scheduled the matter for a final hearing on **December 3, 2026**.

DID YOU KNOW..!?

Article 265 of the Indian Constitution mandates that no tax shall be levied or collected except by authority of law.

Article 246 read with **Entry 82 of List I** (Union List) in the **Seventh Schedule** empowers Parliament to levy taxes on income other than agricultural income.

Article 13 of the Constitution provides for **judicial review**, declaring any law void to the extent it contravenes Fundamental Rights.

Article 226 empowers High Courts to issue writs and examine the constitutional validity of Central and State legislations.

Article 141 states that the law declared by the Supreme Court shall be binding on all courts within the territory of India.

Under Indian constitutional law, the legislature has plenary powers to legislate prospectively as well as retrospectively, except regarding criminal laws under **Article 20(1)**.

Article 110 of the Indian Constitution defines a **Money Bill**, which includes provisions dealing with the imposition, abolition, remission, alteration, or regulation of any tax.

REVISION FLASHCARD

Article 265 mandates taxes require legal authority, while Parliament possesses plenary power to enact retrospective civil tax laws.

Syllabus Relevance: Tested under Unit 5: Judicial Review, Powers of Supreme Court & High Courts, Retrospective Taxation, and Article 265.